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Brooke F Adams 09/12/2006 01:59:07 PM From DB/Inbox: Brooke F Adams

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Text:

UNCLAS TRIPOLI 00475

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DISSEMINATION: ECON  
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TO RUEHC/SECSTATE WASHDC 1178  
INFO RUEHTRO/AMEMBASSY TRIPOLI 1332  
RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RUEHEG/AMEMBASSY CAIRO 0408  
RUEHVT/AMEMBASSY VALLETTA 0096  
RUEHRO/AMEMBASSY ROME 0197  
RUEHTU/AMEMBASSY TUNIS 0525  
RUEHAS/AMEMBASSY ALGIERS 0299

UNCLAS SECTION 01 OF 02 TRIPOLI 000475

SIPDIS

SENSITIVE

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TAGS: [ECON](#) [EINV](#) [PREL](#) [LY](#)  
SUBJECT: LARGEST LIBYAN INVESTMENT COMPANY DEVOTES CAPITAL RESOURCES  
TO US FOR FIRST TIME IN 20 YEARS

¶1. (SBU) SUMMARY. The Chairman & General Manager of Libya's largest investment company, the Libyan Foreign Investment Company (LFICO), recently met with Econoff to discuss the company's history and future prospects for investment. LFICO, government owned and established in 1981, is moving away from its previous focus on investments in Africa and turning more towards the Middle East, Europe, and even the US. The company's portfolio, while diverse, has an emphasis on the hotel and agriculture industries, especially in neighboring Egypt. This month, LFICO, part owner of the Maltese-based Corinthia Hotel Group, formally announced its first major post-sanctions deal with a US company, Dallas based Wyndham Hotel Group, and is also investing in bio-diesel plants in Houston. END SUMMARY.

#### COMPANY BACKGROUND

¶2. (SBU) Econoff reviewed LFICO's current activities and future plans with General Manager and Chairman Abdulfatah Sharif on August 16th. Established in 1981 under the name Libyan Arab Foreign Investment Company (LAFICO), the company is wholly owned by the General People's committee that serves as the equivalent of a Ministry of Trade and Economy and managed by a board of directors. The Libyan Arab Foreign Bank (LAFB), the parent of the LFICO, is controlled by Libya's central bank. Approximately 200 LFICO employees work in the company's headquarters in Gharyan, a desert town 80 miles south of Tripoli, while approximately 100 operate in overseas offices located in Cairo, Valletta, Rome and other capitals. LFICO operates in some ways like other Jamahiriya entities, with Libya based employees receiving a relatively modest government salary, while those posted abroad are compensated with higher wages in dollars or euros. Sharif, an economist by training, started with the

company in the late 1980's and worked his way up to his present position. Sharif said the company, with a present capital of US 2 billion, is moving away from the trend of investing in African companies, a portfolio now being managed by its subsidiary, the Libyan African Investment Company.

#### EMPHASIS ON HOTEL AND AGRICULTURE INDUSTRIES

3.(SBU) Sharif described LFICO's investment portfolio as diverse, but primarily centered around the hotel and agriculture industries. In neighboring Egypt, where LFICO maintains 22 full time employees, the company as a heavy stake in the hotel industry, owning 15% of the Conrad, 20% of the Ramses Hilton, as well as shares in the Sheraton and JW Marriott. It recently purchased 100% of the high end Four Seasons Hotel in Sharm Al-Sheikh. Sharif characterizes the hotel industry as "less risky than manufacturing," a motivating factor in their investment strategy. The company also own approximately 30,000 acres of agricultural land in Egypt, mainly utilized for agricultural investment projects and cultivating fruits and vegetables. LFICO boasts an assortment of other investments throughout Europe, North Africa, and China, where it has invested in the textile and electronics industries. In Europe, much of its capital is focused on Italy, its former colonizer, where it purchased 2% of Fiat. In 2001, LFICO bought 7.5% of Italian soccer club Juventus, and Qadhafi's soccer aficionado son Al-Saadi sits on the board. LFICO also owns 15% of Tamoil Europe and has over 500 million USD worth of real estate investments in the UK.

#### US INVESTMENTS

14. (SBU) With the lifting of US sanctions on Libya, LFICO has started to reenter the US market, where its assets were frozen in 1986. In what Sharif characterizes as LFICO's most significant post-sanctions investment in the US, on August 10, the Maltese based Corinthia Group of Companies, 47% owned by LFICO, announced an agreement with the Wyndham Hotel Group to jointly manage 15 existing Corinthia hotels under the Wyndham and Ramada brands in the Europe, Middle East, and Africa regions. According to the manager of the Corinthia in Tripoli, the location of the US Embassy, the details of the agreement have yet to be finalized, but many four-star Corinthia Hotels in Europe and the Middle East will take on the Ramada name, while some five star hotels will take on the Wyndham logo. The companies will also start to merge hotel management services, sales and marketing teams. LFICO also recently purchased 50% of a bio-diesel plant from the Geogreen company operating out of Houston, Texas. According to Sharif, Geogreen and LFICO plan to open several new bio-diesel plants in Texas over the next two years. LFICO is also actively investing in the NYSE, NASDAQ, and Chicago Exchange Market.

15. (SBU) COMMENT. Prior to the ending of sanctions, company management had been elusive with western media about sharing information on its investment portfolio. Econoff provided Sharif with the contact information for appropriate interlocutors at the Department of Commerce, and encouraged him to get in touch with them regarding any inquiries they might have on investment in the US . END COMMENT.  
GOLDRICH